

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AF-06 ARA-06 EA-07 EUR-12

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PRS-01 PA-01 /122 W
----- 115339

R 191300Z AUG 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 2922

C O N F I D E N T I A L ALGIERS 1843

E.O. 11652: GDS

TAGS: ENRG, EFIN, ETRD, AG

SUBJECT: ALGERIAN POSITIONS RE PREPCON ISSUES

1. DURING AUG. 18 MEETING WITH OULD ROUIS, HEAD OF ECONOMIC AND FINANCIAL DIV. OF FOREIGN MINISTRY, AMBASSADOR DISCUSSED PREPCON RELATED ISSUES. RE RECENT GROUP OF SEVEN MEETINGS IN GENEVA, OULD ROUIS SAID THAT ALTHOUGH HE HAD NOT PERSONALLY ATTENDED CONFERENCE, HIS IMPRESSION OF RESULTS WAS THAT ALL PARTICIPANTS WERE READY TO RECONVENE PREPCON SESSION, WERE IN FAVOR OF A FINANCIAL COMMISSION, AND WERE CONCERNED ABOUT LINKAGES BETWEEN COMMISSIONS.

2. RE SUBSTANTIVE ISSUES, OULD ROUIS SAID THERE HAD BEEN NO CHANGE ON ALGERIAN POSITION ON INDEXATION. ALGERIANS WERE CONCERNED ABOUT PRESERVATION OF VALUE OF THEIR EXPORTS AND MAINTAINING STABLE RATION WITH VALUE OF IMPORTS. OULD ROUIS SAID IT IMPOSSIBLE FOR ALGERIA TO CONTINUE RECEIVING LESS IMPORTS FOR SAME QUANTITY OF OIL. AMBASSADOR NOTED THAT DURING AND AFTER VISIT OF UNDER SECRETARY ROBINSON TO ALGIERS, ALGERIANS HAD STOPPED USING TERM INDEXATION AND BEGUN REFERRING TO PURCHASING POWER. ASKED IF THIS
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CHANGE HAD ANY SIGNIFICANCE. OULD ROUIS SAID THIS

MERELY QUESTION OF SEMANTICS. THERE WERE SEVERAL METHODS OF MAINTAINING TERMS OF TRADE. INDEXATION WAS ONE OF THEM, BUT NOT ONLY ONE. IT WAS RESULT NOT METHOD, WHICH IMPORTANT TO ALGERIA.

3. ON QUESTION OF RAW MATERIALS, OULD ROUIS SAID ALGERIANS WERE NOT SPOKESMAN FOR RAW MATERIAL PRODUCERS, BUT WOULD RESPECT THE CONCEPT OF SOLIDARITY WITH THESE PRODUCERS. HE NOTED THAT GROUP OF NON-ALIGNED NATIONS WHICH HAD MET IN DAKAR AT END OF JULY HAD DESIGNATED LIST OF TEN PRIMARY PRODUCTS WHICH SHOULD BE INCLUDED IN FUND TO INSURE PRICE STABILITY. HE DID NOT HAVE LIST OF PRODUCTS AT HAND BUT PROMISED LET US HAVE COPY. ISSUE WOULD BE DISCUSSED FURTHER AT NON-ALIGNED CONFERENCE AT LIMA AND WOULD ALSO BEAR ON ISSUE OF REPRESENTATION AT EVENTUAL CONFERENCE OF 27.

4. RE CHOICE OF LDCS TO PARTICIPATE IN CONFERENCE OF 27, OULD ROUIS SAID NON-ALIGNED GROUP WOULD APPROVE PROCEDURE DECIDED ON BY GROUP OF SEVEN IN GENEVA. GROUP OF 77 WOULD THEN CONSULT AND CHOOSE NAMES OF PARTICIPANT NATIONS IN PRODUCER/CONSUMER CONFERENCE BY REGIONAL CAUCUS BUT ONLY AFTER RECONVENED PREPCON TAKES PLACE. MINISTER OF INDUSTRY AND ENERGY ABDESSELAM DID NOT BELIEVE RIGID CRITERIA SHOULD BE SET DOWN BY GROUP OF 10 BECAUSE THIS WOULD CAUSE HARD FEELINGS AMONG THOSE NOT REPRESENTED. THERE WERE ALREADY LDCS THAT WERE IRRITATED AT BEING LEFT OUT OF PREPCON OF 10 AND FOR LATTER GROUP TO SET RIGID CRITERIA FOR PARTICIPATION IN LARGER PRODUCER/CONSUMER GROUP WOULD ADD EXTRA INSULT. OULD ROUIS ACKNOWLEDGED THAT CHOOSING ADDITIONAL PARTICIPANTS WOULD BE NO EASY MATTER. ALSO NON-OPEC LDCS SURE TO THINK THAT EIGHT NATION REPRESENTATION FROM OPEC TOO LARGE.

5. ON QUESTION OF USE OF SDRS AS UNIT OF ACCOUNT FOR OIL PRICES, OULD ROUIS SAID THAT THIS HAD BEEN DECIDED IN PRINCIPLE AT GABON MEETING OF OPEC. EXPERTS WERE NOW STUDYING METHOD OF CALCULATION AND COULD BE PREPARED TO IMPLEMENT PROCEDURE IN 2-3 MONTHS. THERE WAS A POSSIBILITY, HOWEVER, THAT IMPLEMENTATION OF OPEC CONFIDENTIAL

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DECISION COULD BE DELAYED IF IT DECIDED TO NEGOTIATE THIS ISSUE IN CONTEXT PRODUCER/CONSUMER DIALOGUE. IN ANY EVENT, RISING DOLLAR HAD SLOWED PROCESS DOWN ALREADY. PARKER

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